

# ANNUAL REPORT

**LICENSEE** TRUMP CASTLE ASSOCIATES  
**ADDRESS** Huron Avenue & Brigantine Blvd.  
Atlantic City, NJ 08401

FOR THE YEAR ENDED DECEMBER 31, 19 89

TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE  
OF CORRESPONDENCE REGARDING  
THIS ANNUAL REPORT . . . . .

Thomas P. Venier

OFFICIAL TITLE . . . . .

Vice President Finance

ADDRESS . . . . .

Huron Avenue & Brigantine Blvd.

Atlantic City, NJ 08401

TRADING NAME OF LICENSEE TRUMP CASTLE HOTEL & CASINO

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FOR THE YEAR ENDED DECEMBER 31, 1989

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## STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 1989 and 1988

(UNAUDITED)  
(\$ IN THOUSANDS)

(a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Revenue:		
1	Casino.....	\$264,358	\$248,022
2	Rooms.....	21,481	19,167
3	Food and beverage.....	45,797	40,165
4	Other.....	11,613	8,747
5	Total revenue.....	343,249	316,101
6	Less: Promotional allowances.....(NOTE 13)..	49,149	37,619
7	Net revenue.....	294,100	276,482
	Costs And Expenses:		
8	Cost of goods and services.....	156,128	145,501
9	Selling, general, and administrative.....	82,700	74,671
10	Provision for doubtful accounts.....	2,549	1,618
11	Depreciation and amortization.....	17,464	19,973
	Charges from affiliates other than interest:		
12	Management fees.....	0	0
13	Other.....	0	0
14	Total costs and expenses.....	258,841	241,763
15	Income (Loss) From Operations.....	35,259	36,719
	Other Income (Expenses):		
16	Interest (expense) - affiliates.....	(41,971)	(41,837)
17	Interest (expense) - external.....	(1,329)	0
18	Investment alternative tax and related income (expense) - net..(NOTE 11)..	(1,064)	(992)
19	Non-operating income (expense) - net.....(NOTE 10)..	1,941	2,648
20	Total other income (expenses).....	(42,423)	(40,181)
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	(7,164)	(3,462)
22	Provision (credit) for income taxes.....	(466)	(344)
23	Income (Loss) Before Extraordinary Items.....	(6,698)	(3,118)
24	Extraordinary items (net of income taxes - 1989, \$ ; 1988, \$ ).....	0	0
25	Net Income (Loss).....	\$ (6,698)	\$ (3,118)

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 1989 and 1988

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Revenue:		
1	Casino.....	\$ 61,805	\$ 56,594
2	Rooms.....	5,795	4,380
3	Food and beverage.....	10,858	9,182
4	Other.....	2,791	1,392
5	Total revenue.....	81,249	71,538
6	Less: Promotional allowances..... (NOTE 13)	13,032	8,269
7	Net revenue.....	68,217	63,269
	Costs And Expenses:		
8	Cost of goods and services.....	38,741	33,664
9	Selling, general, and administrative.....	42,306	18,519
10	Provision for doubtful accounts.....	793	(537)
11	Depreciation and amortization.....	4,693	3,574
	Charges from affiliates other than interest:		
12	Management fees.....	0	0
13	Other.....	0	0
14	Total costs and expenses.....	66,533	55,220
15	Income (Loss) From Operations.....	1,684	8,049
	Other Income (Expenses)		
16	Interest (expense) - affiliates.....	(10,468)	(10,463)
17	Interest (expense) - external.....	(1,329)	0
18	Investment alternative tax and related income (expense) - net.....	(243)	(234)
19	Non-operating income (expense) - net..... (NOTE 10)	523	707
20	Total other income (expenses).....	(11,517)	10,010
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	(9,833)	(1,361)
22	Provision (credit) for income taxes.....	(734)	(134)
23	Income (Loss) Before Extraordinary Items.....	(9,099)	(1,767)
24	Extraordinary items (net of income taxes - 1989, \$ ; 1988, \$ ).....	0	0
25	Net Income (Loss).....	\$ (9,099)	\$ (1,767)

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

BALANCE SHEETS

DECEMBER 31, 1989 and 1988

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
<b>ASSETS</b>			
Current Assets:			
1	Cash.....	\$ 14,598	\$ 19,713
2	Marketable securities.....(NOTE 1).....	9,655	0
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1989, \$2,629; 1988, \$1,257).....	16,307	13,858
4	Inventories.....	3,491	3,038
5	Prepaid expenses and other current assets.....	2,730	2,300
6	Total current assets.....	46,781	38,909
7	Investments, Advances, And Receivables.....	7,269	5,053
8	Property And Equipment - Net.....(NOTE 2).....	373,780	340,374
9	Other Assets.....(NOTE 6).....	11,934	12,551
10	Total Assets.....	\$439,764	\$396,887
<b>LIABILITIES AND EQUITY</b>			
Current Liabilities:			
11	Accounts payable.....(NOTE 7).....	\$ 8,470	\$ 22,638
12	Notes payable.....(NOTE 5).....	15,000	0
Current portion of long-term debt:			
13	Due to affiliates.....(NOTE 3).....	22,680	0
14	Other.....	0	0
15	Income taxes payable and accrued.....	0	0
16	Other accrued expenses.....(NOTE 8).....	13,056	9,909
17	Other current liabilities.....(NOTE 9).....	13,143	11,970
18	Total current liabilities.....	72,349	44,517
Long-Term Debt:			
19	Due to affiliates.....(NOTE 3).....	285,144	305,722
20	Other.....(NOTE 4).....	50,000	17,981
21	Deferred Credits.....	0	445
22	Other Liabilities.....	19	19
23	Commitments And Contingencies		
24	Total Liabilities.....	407,512	368,684
25	Stockholders', Partners', Or Proprietor's Equity.....	32,252	28,203
26	Total Liabilities And Equity.....	\$439,764	\$396,887

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 1989 and 1988

NOT APPLICABLE

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1989		1988	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLARS
	Common Stock:				
1	Beginning balance (January 1).....		\$		\$
2	Sale of stock.....				
3	_____				
4	Ending balance.....				
	Preferred Stock:				
5	Beginning balance (January 1).....				
6	Sale of stock.....				
7	_____				
8	Ending balance.....				
	Additional Paid-In Capital:				
9	Beginning balance (January 1).....				
10	_____				
11	_____				
12	Ending balance.....				
	Treasury Stock:				
13	Beginning balance (January 1).....	( )		( )	
14	Purchase of additional stock.....	( )		( )	
15	Sale or retirement of stock.....				
16	Ending balance.....	( )		( )	
	Subscriptions Receivable For Capital Stock:				
17	Beginning balance (January 1).....	( )		( )	
18	_____				
19	_____				
20	Ending balance.....	( )		( )	
	Net Unrealized Loss On Noncurrent Marketable Equity				
	Securities:				
21	Beginning balance (January 1).....	( )		( )	
22	_____				
23	_____				
24	Ending balance.....	( )		( )	
	Retained Earnings:				
25	Beginning balance (January 1).....				
26	Prior period adjustments.....				
27	Net income (loss).....				
28	Dividends.....	( )		( )	
29	_____				
30	_____				
31	Ending balance.....				
	Ending Stockholders'				
32	Equity.....		\$		\$

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CHANGES IN PARTNERS' OR  
PROPRIETOR'S EQUITY

FOR THE YEARS ENDED DECEMBER 31, 1989 and 1988

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Invested Capital:		
1	Beginning balance (January 1).....	\$ 66,196	\$ 66,196
2	Additional capital invested.....	7,000	0
3	.....	0	0
4	Ending balance.....	73,196	66,196
	Accumulated Income (Loss):		
5	Beginning balance (January 1).....	4,204	7,322
6	Prior period adjustments.....	0	0
7	Net income (loss).....	(6,598)	(3,118)
8	.....	0	0
9	Ending balance.....	(2,494)	4,204
	Capital Withdrawals:		
10	Beginning balance (January 1).....	(42,197)	(42,600)
11	Additional capital withdrawals.....	( 0)	( 5,857)
12	Repayment of Withdrawals .....	3,747	6,260
13	Ending balance.....	(38,450)	(42,197)
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:		
14	Beginning balance (January 1).....	( 0)	( 0)
15	.....	0	0
16	.....	0	0
17	Ending balance.....	( 0)	( 0)
	Ending Partners' Or		
18	Proprietor's Equity.....	\$ 32,252	\$ 28,203

The accompanying notes are an integral part of the  
financial statements. Valid comparisons cannot be made  
without using information contained in the notes.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1989 and 1988

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
1	Net Cash Provided (Used) By Operating Activities.....	\$ 22,862	\$ 33,597
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities.....	(9,655)	0
3	Proceeds from the sale of short-term investment securities.....	0	0
4	Cash outflows for property and equipment.....	(50,128)	(60,491)
5	Proceeds from disposition of property and equipment.....	0	143
6	Purchase of casino reinvestment obligations.....	(3,280)	(3,058)
7	Purchase of other investments and loans/advances made.....	0	0
8	Proceeds from disposal of investments and collection of advances and long-term receivables.....	0	0
9	Cash outflows to acquire business entities.....	0	0
10	.....	0	0
11	.....	0	0
12	Net Cash Provided (Used) By Investing Activities.....	(63,063)	(63,406)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt.....	15,000	0
14	Payments to settle short-term debt.....	0	0
15	Cash proceeds from issuance of long-term debt.....	32,019	17,981
16	Costs of issuing debt.....	0	0
17	Payments to settle long-term debt.....	0	0
18	Cash proceeds from issuing stock or capital contributions.....	7,000	0
19	Purchases of treasury stock.....	0	0
20	Payments of dividends or capital withdrawals.....	0	(5,857)
21	Reclassification of Long Term Debt To Current Portion .....	(22,680)	0
22	Repayment of Capital Withdrawals .....	3,747	6,260
23	Net Cash Provide <sup>d</sup> (Used) By Financing Activities.....	35,086	18,384
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	(5,115)	(11,425)
25	Cash And Cash Equivalents At Beginning Of Year.....	19,713	31,138
26	Cash And Cash Equivalents At End Of Year.....	\$ 14,598	\$ 19,713

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

27	Cash Paid During Year For:		
	Interest (net of amount capitalized).....	\$ 41,173	\$ 39,935
28	Income taxes.....	\$ 0	\$ 0

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.



STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1989 and 1988

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Net Cash Flows From Operating Activities:		
29	Net income (loss).....	\$ (6,698)	\$ (3,118)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	16,722	18,417
31	Amortization of other assets.....	742	1,556
32	Amortization of debt discount or premium.....	2,102	1,902
33	Deferred income taxes - current.....	0	0
34	Deferred income taxes - noncurrent.....	(466)	(344)
35	(Gain) loss on disposition of property and equipment.....	0	(72)
36	(Gain) loss on casino reinvestment obligations.....	1,064	992
37	(Gain) loss from other investment activities.....	0	0
38	Net (increase) decrease in receivables and patrons' checks.....	(2,449)	(2,341)
39	Net (increase) decrease in inventories.....	(453)	(96)
40	Net (increase) decrease in other current assets.....	(430)	(66)
41	Net (increase) decrease in other assets.....	(125)	(71)
42	Net increase (decrease) in accounts payable.....	(14,168)	16,709
43	Net increase (decrease) in other current liabilities excluding debt.....	4,320	774
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	21	(5)
45	Net increase (decrease) current portion - Ltd.....	22,680	0
46		0	0
47	Net Cash Provided (Used) By Operating Activities.....	\$ 22,862	\$ 33,597

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment.....	\$ 50,128	\$ 60,491
49	Less: Capital lease obligations incurred.....	0	0
50	Cash Outflows For Property And Equipment.....	\$ 50,128	\$ 60,491
	Acquisition of Business Entities:		
51	Property and equipment acquired.....	\$ 0	\$ 0
52	Goodwill acquired.....	0	0
53	Net assets acquired other than cash, goodwill, and property and equipment.....	0	0
54	Long-term debt assumed.....	0	0
55	Issuance of stock or capital invested.....	0	0
56	Cash Outflows To Acquire Business Entities.....	\$ 0	\$ 0
	Stock Issued Or Capital Contributions:		
57	Total issuances of stock or capital contributions.....	\$ 7,000	\$ 0
58	Less: Issuances to settle long-term debt.....	0	0
59	Consideration in acquisition of business entities.....	0	0
60	Cash Proceeds From Issuing Stock Or Capital Contributions.....	\$ 7,000	\$ 0

TRUMP CASTLE HOTEL & CASINO  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization and Operation:

Trump's Castle Associates Limited Partnership (the "Partnership") was organized on May 24, 1985, as a New Jersey limited partnership. Donald J. Trump and Trump's Castle Hotel & Casino, Inc., a New Jersey corporation which is owned by Mr. Trump, are the general partners and Mr. Trump is the sole limited partner (the "Partners").

Revenue Recognition:

The Partnership records as revenue the win from gaming activities which represents the difference between amounts wagered and amounts won by patrons. Revenues from hotel and related services are recognized at the time the related service is performed.

Promotional Allowances:

Gross revenues include the retail value of complimentary food, beverage and hotel services furnished to patrons. The retail value of these promotional allowances is deducted from gross revenue to arrive at net revenues. The cost of promotional allowances is charged to operations.

Marketable Securities

Marketable securities as of December 31, 1989, consisted of the purchase, by the Partnership, of Trump Castle Funding, Inc. Series A-1 Bonds, which are presented at cost.

Income Taxes/Deferred Credits:

The accompanying financial statements do not include a provision for Federal income taxes of the Partnership, since any income or losses allocated to the Partners are reportable for Federal income tax purposes by the Partners.

Under the New Jersey Casino Control Commission regulations, the Partnership is required to file a consolidated New Jersey corporation business tax return. Accordingly, a credit for state income taxes has been reflected in the accompanying financial statements. Deferred state income taxes result primarily from differences in the timing of reporting depreciation for tax and financial statement purposes.

Allowance for Doubtful Accounts:

The allowance for doubtful accounts is maintained at a level considered adequate to provide for possible future losses. The Partnership has provided \$2,629,000 through December 31, 1989.

Inventories:

Food and beverage inventories are carried on a weighted average basis and all other inventories are carried at the lower of cost or market on a first in, first out basis.

Property and Equipment:

Property and equipment is recorded at cost and is depreciated on the straight-line method over the estimated useful lives of assets. Estimated useful lives for furniture, fixtures and equipment are from three to eight years and 40 years for buildings.

Original Issuance Discount and Bond Issuance Costs:

Original issue discount is accreted over the life of the related indebtedness using the effective interest method.

Costs associated with the issuance of the bonds are capitalized and amortized over the life of the bonds using the effective interest method.

NOTE 2 - PROPERTY AND EQUIPMENT:  
(In Thousands of Dollars)

Property and equipment as of December 31:

	<u>1989</u>	<u>1988</u>
Land	\$ 28,768	\$ 28,768
Buildings	239,731	237,120
Furniture, Fixtures and Equipment	85,252	67,374
Construction in Progress	29,440	64,730
Building Improvements	73,750	8,821
	-----	-----
TOTAL	\$456,941	\$406,813
Less Accumulated Depreciation	(83,161)	(66,439)
	-----	-----
Net Property and Equipment	\$373,780	\$340,374
	=====	=====

NOTE 3 - LONG TERM DEBT:

On June 27, 1985, Trump's Castle Funding ("The Company") issued its Series A-1 and Series A-2 First Mortgage Bonds (the "Bonds") for proceeds of \$300,000,000. The proceeds of the bonds were loaned by the Company to the Partnership under the terms which conform in all material respects with the terms of the Bonds, and were used by the Partnership to repay the interim bank financing.

The Series A-1 Bonds in an aggregate principal amount of \$226,800,000 bear interest at a rate of 13-3/4%, which is payable semi-annually, with the principal due in full in 1997. These bonds are redeemable at any time, subject to certain conditions at the option of the Company, at the principal amount plus a premium of 13-3/4%, in the first year, which premium declines ratably each year to zero in the year of maturity. In addition, commencing in 1990, the Company will be required to annually make sinking fund payments in an amount sufficient to redeem 10% of the principal amount of the Series A-1 Bonds up to a maximum of 70% of the principal amount through 1996.

The Series A-2 Bonds in an aggregate principal amount of \$125,000,000 bear interest at a rate of 7% and were issued at a discount (net proceeds of \$73,200,000) at an effective interest rate of 13-3/4%. Interest will be payable semi-annually and the principal will be due in full in 1999. These bonds will be redeemable at any time, subject to certain conditions, at the option of the Company, at 100% of the stated principal amount thereof.

The bonds are secured solely by an assignment to the Trustee of the Partnership's notes to the Company in the aggregate amount necessary to service bonds and by a first mortgage on Partnership, excluding cash which may be distributed as described below (regardless of whether such cash has been distributed) and are non-recourse to such distributable cash. The Partnership has issued a non-recourse, limited guaranty of the payment of the principal or premium, if any, and interest on the bonds. The bonds are non-recourse to the Partners of the Partnership and the shareholders of the Company and all other persons and entities (other than the Company and the Partnership). The bonds cannot be subordinated to any other future borrowings by the Partnership or the Company.

The bond indenture permits the quarterly distribution of available cash flow, as defined, to the Partners in excess of \$1,512,000. The Partnership must also maintain such cash flow in an aggregate amount of \$6,048,000 during each 12 month period ending June 30, 1986 through 1990. In addition, the bond indenture limits additional borrowings and liens, certain activities of the Partnership and the Company, and the consolidation, merger, and transfer of substantially all of the assets, among other provisions.

NOTE 4 - LINE OF CREDIT:

In February 1988, the Partnership obtained a line of credit from a bank for \$50,000,000. This line of credit has been used to partially finance an expansion of Trump Castle Hotel & Casino. Interest is payable monthly at 1% above the bank's prime rate. Principal is payable beginning approximately three years from loan origination, and is based on a ten year payout with the balance due in 1998. Security for this loan is identical to that of the first mortgage bonds (Note 3). As of December 31, 1989, the Company had borrowed \$50,000,000 against this line of credit for construction costs, legal fees, and other closing costs. Legal fees and closing costs are included in other assets and the borrowings are included in long term debt - other. As of December 31, 1989, Trump Castle has capitalized \$3,223,000 of interest associated with this borrowing.

NOTE 5 - LINE OF CREDIT - WORKING CAPITAL

As of December 31, 1989, the Partnership had drawn \$15,000,000 against a revolving credit line issued by a bank. The line is intended to fund short term working capital requirements, and is a demand note due and payable within twelve months of issuance, bearing interest at the bank's prime rate.

NOTE 6 - OTHER ASSETS - (Net):  
(In Thousands of Dollars)

Other Assets consist of:	<u>1989</u>	<u>1988</u>
Deferred Loan Cost	\$ 480	\$ 588
Deferred Bond Costs (Net)	11,206	11,839
Other Non-Current Assets	248	124
	-----	-----
TOTAL OTHER ASSETS	<u>\$11,934</u>	<u>\$12,551</u>
	=====	=====

NOTE 7 - ACCOUNTS PAYABLE:  
(In Thousands of Dollars)

	<u>1989</u>	<u>1988</u>
Accounts Payable Trade	\$ 8,096	\$13,599
Accounts Payable - Affiliates	0	3,747
Hilton Hotel Corporation	0	5,000
Patron Deposits	180	159
Other	194	133
	-----	-----
TOTAL ACCOUNTS PAYABLE	<u>\$ 8,470</u>	<u>\$22,638</u>
	=====	=====

NOTE 8 - OTHER ACCRUED EXPENSES:  
(In Thousands of Dollars)

Other accrued expenses consist of:	<u>1989</u>	<u>1988</u>
Accrued Payroll & Taxes	\$4,117	\$2,598
Accrued Interest	1,775	1,775
Accrued Advertising/Promotions	1,767	948
Accrued Progressive Jackpots	1,254	777
Accrued Sick/Vacation	3,999	3,334
Other	144	477
	-----	-----
TOTAL OTHER ACCRUED EXPENSES	\$13,056	\$9,909
	=====	=====

NOTE 9 - OTHER CURRENT LIABILITIES:  
(In Thousands of Dollars)

Other current liabilities consist of:	<u>1989</u>	<u>1988</u>
Outstanding Chip Liability	\$1,350	\$1,616
Outstanding Token Liability	311	209
Patron Deposits	250	150
Accrued Utilities	325	366
Accrued Group Health Insurance	1,634	1,098
Accrued Insurance	1,622	1,891
A/P Other	3,000	1,268
Accrued Legal	415	164
Accrued CCC/DGE	662	887
Construction Retainage	2,154	3,240
Accrued Inventories	670	388
Accrued CRDA	750	693
	-----	-----
TOTAL OTHER CURRENT LIABILITIES	\$13,143	\$11,970
	=====	=====

NOTE 10 - NON-OPERATING INCOME (EXPENSE) - NET:  
(In Thousands of Dollars)

Non-operating income for quarter ended December 31, 1989:

	<u>Three Months</u>	
	<u>1989</u>	<u>1988</u>
Discount Earned	\$ 55	\$ 61
Interest Income	468	646
	----	----
TOTAL NON-OPERATING INCOME	\$523	\$707
	=====	=====

Non-operating income for the twelve months ended December 31, 1989:

	<u>Twelve Months</u>	
	<u>1989</u>	<u>1988</u>
G/L Equipment	\$---	\$ 72
Discount Earned	230	245
Interest Income	1,711	2,331
	-----	-----
TOTAL NON-OPERATING INCOME	<u>\$1,941</u>	<u>\$2,648</u>
	=====	=====

NOTE 11 - COMMITMENTS AND CONTINGENCIES:

In May 1989, the New Jersey Casino Control Commission ("CCC") issued the Partnership a license to operate Trump Castle. A license is not transferable, is issued for a term of two years, and must be acted upon by the CCC no later than 30 days prior to the expiration of the license then in force. The continued operations of the Partnership are subject to its retaining its operating license.

The New Jersey Casino Control Act requires the Partnership to make qualified investments, as defined, in New Jersey, or pay an investment alternative tax.

Commencing 12 months after the date of opening (June 17, 1985) and continuing for a period of 25 years thereafter, the Partnership must either obtain investment tax credits, as defined, in an amount equivalent to 1.25% of its gross casino revenues or pay an alternative tax of 2.5% of its gross casino revenues. Investment tax credits may be obtained by the purchase of bonds at below market interest rates from the Casino Reinvestment Development Authority ("CRDA") or by making qualified investments which must be approved by the CRDA. The Partnership is required to make quarterly deposits with the CRDA to satisfy its investment obligation.

At December 31, 1989, the financial statements reflect \$754,000 of below market interest rate bonds issued by the CRDA and \$10,186,000 of deposits towards the purchase of below market interest rate bonds. For the twelve months ended December 31, 1989 and 1988, the Partnership charged \$1,064,000 and \$992,000 respectively, to operations to give effect to the below market interest rates associated with the CRDA bonds. The net investment is included in other assets in the accompanying balance sheets.

The Partnership, along with another Atlantic City casino, has entered into a joint venture agreement with the New Jersey Department of Transportation to fund the construction of certain roadway improvements in the Atlantic City Marina District. The agreement requires that the Partnership make cash contributions totaling \$8,000,000. As of December 31, 1989, the Partnership had made contributions totaling \$2,668,000.

NOTE 12 - EMPLOYEE BENEFIT PLANS:

Effective November 1, 1986, the Company adopted a retirement savings plan for its non-union employees under Section 401K of the Internal Revenue Code. The plan allows employees of the Partnership to defer up to 15% of their income on a pre-tax basis through contributions to the plan. The Partnership will match 50% of eligible employees' contributions up to a maximum of 4% of the individual earnings. The Partnership recorded charges of approximately \$574,000 for matching contributions for the twelve months ended December 31, 1989.

The Partnership made payments to various trustee pension plans under industry-wide union agreements. The payments are based on the hours worked by or gross wages paid to covered employees. It is not practical to determine the amount of payments ultimately used to fund pension benefit plans or the current financial condition of these plans. Under the Employee Retirement Income Security Act, the Partnership may be liable for its share of the plan's unfunded liability, if any, if the plans are terminated.

NOTE 13 - PROMOTIONAL ALLOWANCE AND PROMOTIONAL EXPENSES:

Promotional Allowances and Expenses and number of recipients for the twelve months ended December 31, 1989, consisted of the following:

	<u>Promotional Allowances</u>		<u>Promotional Expenses</u>	
	<u>Number of Recipients</u>	<u>Amount</u>	<u>Number of Recipients</u>	<u>Amount</u>
Rooms	212,870	\$14,313,000	---	---
Food	1,645,650	23,248,000	---	---
Beverage	2,010,090	6,573,000	---	---
Travel	7,695	1,782,000	22,246	6,740,000
Cash Coupons	---	---	2,225,171	25,018,000
Admissions	115,898	2,187,000	1,197	385,000
Other	24,345	1,046,000	21,706	1,297,000
	-----	-----	-----	-----
TOTALS	4,016,548	\$49,149,000	2,270,320	\$33,340,000
	=====	=====	=====	=====



Promotional Allowances and Expenses and number of recipients for the three months ended December 31, 1989, consisted of the following:

	<u>Promotional Allowances</u>		<u>Promotional Expenses</u>	
	<u>Number of Recipients</u>	<u>Amount</u>	<u>Number of Recipients</u>	<u>Amount</u>
Rooms	80,095	\$3,771,000	---	---
Food	575,435	7,117,000	---	---
Beverage	306,400	1,036,000	---	---
Travel	1,545	446,000	5,795	1,521,000
Cash Coupons	---	---	546,910	5,893,000
Admissions	22,144	613,000	---	---
Other	1,158	49,000	1,091	370,000
	-----	-----	-----	-----
TOTALS	986,777	\$13,032,000	553,796	\$7,784,000
	=====	=====	=====	=====

NOTE 14 - JACKPOT PAYOUTS

Jackpot payouts in the form of merchandise which are included in cost of goods and services consisted of the following:

	<u>For the Twelve Months Ended 12-31-89</u>		<u>For the Three Months Ended 12-31-89</u>	
	<u>Number of Recipients</u>	<u>Amount</u>	<u>Number of Recipients</u>	<u>Amount</u>
Motor Vehicles	12	\$230,892	12	\$230,892
	--	-----	--	-----
TOTALS	12	\$230,892	12	\$230,892
	==	=====	==	=====

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

DECEMBER 31, 1989

(UNAUDITED)  
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES

LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE- (e) NET OF ALLOWANCE
	Patrons' Checks:			
1	Undeposited patrons' checks.....	\$ 8,064		
2	Returned patrons' checks.....	5,899		
2	Total patrons' checks.....	13,963	\$2,288	\$ 11,675
4	Hotel Receivables.....	1,881	341	1,540
	Other Receivables:			
5	Receivables due from officers and employees.....	120		
6	Receivables due from affiliates.....	1,693		
7	Other accounts and notes receivables.....	1,279		
8	Total other receivables.....	3,092	0	3,092
9	Totals (Form 305).....	\$18,936	\$2,629	\$ 16,307

UNDEPOSITED PATRONS' CHECKS ACTIVITY

LINE (f)	DESCRIPTION (g)	AMOUNT (n)
10	Beginning Balance (January 1).....	\$ 6,503
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits).....	269,758
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits).....	(194,751)
13	Checks collected through deposits.....	( 62,938)
14	Checks transferred to returned checks.....	( 10,538)
15	Other adjustments.....	0
16	Ending Balance.....	\$ 8,064
17	"Hold" Checks Included In Balance On Line 16.....	\$ 0
18	Provision For Uncollectible Patrons' Checks.....	\$ 2,397
19	Provision As A Percent Of Counter Checks Issued.....	.9 %

TRADING NAME OF LICENSEE TRUMP CASTLE HOTEL & CASINO

CASINO DEPARTMENTAL SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 1989

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	AMOUNT (c)	DROP (d)	WIN OR (LOSS) PERCENT (e)	WEIGHTED AVG. NUMBER OF TABLES OR MACHINES (f)
	Revenue:				
1	Blackjack.....	\$ 49,300	\$ 345,972	14.7%	66
2	Craps.....	44,944	290,126	15.5	22
3	Roulette.....	12,249	45,608	26.9	12
4	Big Six.....	1,915	4,237	45.2	3
5	Baccarat.....	9,177	60,467	15.2	5
6	Other table games.....	0	0	0	0
7	Total table games revenue.....	117,585	\$ 146,410	15.6%	108
			HANDLE		
8	\$.05 slot machines.....	3,927	\$ 25,383	15.5%	86
9	\$.25 slot machines.....	52,070	378,077	13.8	803
10	\$1.00 slot machines.....	24,194	215,510	11.2	226
11	Other slot machines.....	67,058	714,317	9.4	555
12	Total coin-operated devices revenue.....	147,249	\$1,333,287	11.0%	1,670
13	Progressive jackpot adjustment.....	(478)			
14	Total coin-operated devices revenue after adjustment.....	264,356			
15	Other income.....	0			
16	Total revenue.....	264,356			
	Expenses:				
17	Payroll and payroll related expenses.....	28,901			
18	Licenses and taxes.....	21,856			
19	Provision for uncollectible patrons' checks..	2,397			
20	Other.....	11,989			
21	Total.....	65,143			
22	Departmental Income (Loss) Before Complimentary Services And Casino Management Fees.....	199,213			
	Complimentary services and casino management fees:				
23	Complimentary services.....	8,265			
24	Casino management fees.....	0			
25	Total.....	8,265			
26	Departmental Income (Loss).....	\$190,948			

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY :  
: ss.  
COUNTY OF ATLANTIC :

Thomas P. Venier , being duly sworn according to law upon my oath deposes and says:

1. I have examined this Annual Report.
2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Annual Report Instructions and Uniform Chart of Accounts.
3. The information contained in this Annual Report is accurate to the best of my knowledge and belief.



Signature

Vice President Finance

Title

711-11

License Number

Subscribed and sworn to before

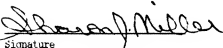
me this 8th day

of March, 1989

On Behalf Of:

TRUMP CASTLE HOTEL & CASINO

Casino Licensee



Signature

SHARON J. MILLER  
NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires JUNE 18, 1991

Basis of Authority to Take Oaths

CCC-350

# GROSS REVENUE ANNUAL TAX RETURN

LICENSEE TRUMP CASTLE HOTEL & CASINO

ADDRESS Huron Ave. & Brigantine Blvd.

Atlantic City, NJ 08401

FOR THE YEAR ENDED DECEMBER 31, 19 89

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE  
OF CORRESPONDENCE REGARDING  
THIS ANNUAL TAX RETURN .....

Thomas P. Venier

OFFICIAL TITLE.....

Vice President Finance

ADDRESS.....

Huron Ave. & Brigantine Blvd.

Atlantic City, NJ 08401

**GROSS REVENUE ANNUAL TAX RETURN**

FOR THE YEAR ENDED DECEMBER 31, 19 89

(UNAUDITED)

(\$ IN THOUSANDS)

LINE			
	Casino win or (loss)		
1	Table games revenue .....	\$ 117,584	
2	Coin-operated devices revenue .....	147,251	
3	Total revenues .....		\$ 264,835
	Less - adjustment for uncollectible patrons' checks:		
4	Provision for uncollectible patrons' checks .....	\$ 2,397	
5	Maximum adjustment (4% of line 3) .....	\$ 10,593	
6	Adjustment (the lesser of line 4 or line 5) .....		2,397
7	Gross revenues (line 3 less line 6) .....		\$ 262,438
8	Tax on gross revenues - current year (8% of line 7) .....		\$ 20,995
9	Audit or other adjustments to tax on gross revenues in prior years .....		0
10	Total tax on gross revenues (line 8 plus or minus line 9) .....		20,995
	Deposits made for tax on current year's gross revenues:		
11	January .....	\$ 1,665	
12	February .....	1,465	
13	March .....	1,646	
14	April .....	1,666	
15	May .....	1,723	
16	June .....	1,634	
17	July .....	2,360	
18	August .....	2,089	
19	September .....	1,963	
20	October .....	1,632	
21	November .....	1,558	
22	December .....	1,369	
23	January .....	225	
24	Total deposits made for tax on current year's gross revenues .....		( 20,995 )
	Settlement of prior years' tax on gross revenues		
25	resulting from audit or other adjustments - (deposits) credits .....		0
26	Gross revenues tax payable (line 10 less line 24 plus or minus line 25) .....		\$ 0



# ANNUAL EMPLOYMENT AND PAYROLL REPORT

**LICENSEE** TRUMP CASTLE ASSOCIATES  
**ADDRESS** Huron Avenue & Brigantine Blvd.  
Atlantic City, NJ 08401

FOR THE YEAR ENDED DECEMBER 31, 1989

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE  
OF CORRESPONDENCE REGARDING  
THIS ANNUAL EMPLOYMENT  
AND PAYROLL REPORT.....

Thomas P. Venier

OFFICIAL TITLE.....

Vice President Finance

ADDRESS.....

Huron Avenue & Brigantine Blvd.

Atlantic City, NJ 08401



## ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 19 89

(\$ in Thousands)

LINE (a)	DEPARTMENT (b)	NUMBER OF (c) EMPLOYEES	(d) OTHER EMPLOYEES	SALARIES AND WAGES (e) OFFICERS & OWNERS (f)	TOTALS
	<b>CASINO</b>				
1	Administration .....	24			
2	Gaming .....	609			
3	Slots .....	272			
4	Casino accounting .....	49			
5	Other .....	244		\$ 756	\$ 28,436
6	Total-casino .....	1,198			
7	ROOMS .....	261	3,431		3,431
8	FOOD AND BEVERAGE .....	1,004	13,828		13,828
	<b>OTHER OPERATED DEPARTMENTS</b>				
9	Telephone .....	24	347		347
10	Beauty Shop .....	3	122		122
11	Gift Shop .....	16	284		284
12	Transportation .....	114	1,717		1,717
13	Uniforms .....	30	492		492
14	Health Club .....	3	74		74
15	Marina .....	97	593		593
16	Environmental Services .....	202	2,975		2,975
17	Print Shop .....	18	475		475
18					
19					
	<b>ADMINISTRATIVE AND GENERAL</b>				
20	Executive office .....	7		1,047	1,047
21	Accounting and auditing .....	241	6,804	105	6,909
22	Security .....	203	4,255		4,255
23	Other administrative and general department ..	58	2,109	572	2,681
24	MARKETING .....	48	1,342		1,342
25	GUEST ENTERTAINMENT .....	33	1,573		1,573
26	PROPERTY OPERATION AND MAINTENANCE .....	109	3,705		3,705
27	TOTALS - ALL DEPARTMENTS .....	3,669	\$ 71,806	\$ 2,480	\$ 74,286

Trading Name of Licensee TRUMP CASTLE HOTEL & CASINO

ANNUAL EMPLOYMENT AND PAYROLL REPORT  
SIGNATURE PAGE

For the Year Ended December 31, 1989

March 14, 1990

Date



Signature

Vice President Finance

Title